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CONFIDENTIAL COUNTRY Free Territory of Trieste/Yugoslavia

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SUBJECT

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Reasons for Yugoslav-Zone B Customs Union and Analagous Measures

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- The customs union between Zone B and Yugoslavia, formally proclaimed by Colonel Mirko Lenac on 11 March 1950, and the recent relaxation of travel restrictions between Yugoslavia and Zone B, are merely imitative of similar measures applied some time ago between Italy and Zone A, and should not be construed as part of a current Yugoslav Government scheme to annex Zone B. The Yugoslav Government sanctioned these measures because it considered that such action could be taken safely without undue censure by Italy, although resulting in close integration of Zone B with Yugoslavia.
- 2. Retaliatory action, in kind, will be taken by the Yugoslav Government administration in Zone B at such time as authorities in Zone A and Italy promote measures which result in the closer integration of that Zone, even though promulgated in accordance with the 20 March Declaration. The Yugoslav Government will operate Zone B, through its local administration, in accordance with the terms of the Peace Treaty, allowing for deviations in self-defence in order to counter the actions of Zone A and Italian authorities which are deemed contrary both to the Peace Treaty and the best interests of Yugoslavia.
- Simultaneously with the announced relaxation of travel controls which gives Yugoslavs relative freedom of movement between Yugoslavia and Zone B, the Yugoslav Government, anticipating increased attempts by its citizens to use Zone B as an escape route to Zone A, has directed Zone B authorities to increase the number of security guards along the Zone B and Zone A border and has instructed guards at document check-points to redouble their vigilance and efforts to prevent persons from escaping into Zone A.

CONTINENTIAL

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> This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 Golober 1978 from the Director of Central Intelligence to the Archivist of the United States.

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